



U.S. Department of Justice

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For Immediate Release:

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EVENT: Guilty Plea

Defendant: Elena Szilvagy

FORMER HOME HEALTH CARE OWNER PLEADS GUILTY TO FRAUD

The former owner of one of Michigan's largest home health care companies pleaded guilty Thursday, July 13, 2006, to defrauding Medicare by forming two spin-off companies in a fraudulent scheme to avoid repaying a \$7 million debt to Medicare, United States Attorney Stephen J. Murphy announced today.

Elena Szilvagy, 55, of Clarkston, also pleaded guilty to one count of conspiring to obstruct a criminal health care fraud investigation, before U.S. District Judge Lawrence Zatkoff in federal court in Port Huron, Michigan.

Szilvagy, the former president of Prime Care Services (PCS), a Southfield-based home health agency with more than 400 employees, had been charged by the federal Grand Jury in January 2006 along with co-defendant Jesse Cruz. At the plea hearing, Szilvagy admitted that after auditors determined her company owed Medicare \$7 million for questionable reimbursements, she conspired with others to create two other Detroit area home health care companies, Health Care Partners (HCP) and Autumn Ridge Home Health Care (ARHHC). The plot, which Szilvagy said was designed by her professional and financial advisors, was

orchestrated beginning in fall 2000 as part of a scheme to avoid repaying debts to Medicare run up by PCS between 1997 and 2000. By hiding her ownership role in the two spinoff companies from Medicare and conspiring with the fictional “owners” of the new companies to transfer all of PCS’s assets, employees and patients to HCP and ARHHC, she was able to avoid repaying the debt. According to the Indictment, co-defendant Jesse Cruz was charged with acting as the “owner” of ARHHC and making false statements in connection with Medicare claims.

United States Attorney Murphy said, “This conviction sends a powerful message that companies who owe money to Medicare for past billing irregularities cannot avoid repaying the debt by simply hanging a new sign on the wall and continuing to do business under a new corporate name.” Murphy said the obstruction conviction makes it clear that lying to federal investigators is a serious crime and anyone offering bribes to witnesses, no matter the amount of the bribe, will be prosecuted.

The two new convictions are in addition to the 48-month prison sentence Szilvagyí is serving for a separate federal health care fraud conviction in the Western District of Michigan related to a scheme in which she fraudulently billed Medicare more than \$800,000 for the cost of a 10,000-square foot home on a golf course near Pine Knob in Clarkston. Last year, Judge Zatkoff awarded the United States a \$2.5 million judgment in a civil case brought by the United States against Szilvagyí to recover the costs of that crime.

At the plea hearing, Szilvagyí admitted that she had offered a \$250 bribe to a witness on Cruz’s behalf, in order to get the witness to change the witness’ story.

Cruz and his company have pleaded not guilty to the charges. An Indictment is only a charge and the defendant is presumed innocent until proven guilty beyond a reasonable doubt. Trial is expected to be scheduled later this year or early 2007.

Murphy was joined in the announcement by Daniel D. Roberts, FBI Special Agent in Charge, and Lamont Pugh III, Acting Special Agent in Charge of Health and Human Services, Office of the Inspector General (“HHS-OIG”).

Each of the counts Szilvagyí pleaded guilty to carry a maximum sentence of 5 years imprisonment and a \$250,000 fine. As part of the plea agreement, the United States said it would not oppose that her new sentence be served concurrently with her current sentence which is expected to end in December 2007. The final decision on the sentence is up to Judge Zatkoff, who scheduled sentencing for October 5, 2006.

The new convictions mark the latest development in a four-year-old investigation of Szilvagyí, Prime Care, Health Care Partners and Autumn Ridge Home Health Care by special agents with the FBI and the Health and Human Services Office of the Inspector General. The case is being prosecuted by Assistant U.S. Attorney James Mitzelfeld.